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(47)

Deputy to the Director of Central Intelligence  
for Resource Management

Washington, D.C. 20505

DCI/RM-81-0011  
24 February 1981

The Honorable Edward P. Boland, Chairman  
Permanent Select Committee on Intelligence  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

This memorandum responds to the Committee's request that the Resource Management Staff (RMS) perform an internal audit and that the Committee be informed of the results.

The senior members of the Staff and I found the audit process informative and beneficial. The procedure for the audit was as follows: I assigned responsibility for the task to the senior member of my staff with the most varied and longest intelligence experience. He talked to the heads of each of the Staff's components and a number of others to elicit their views of the Staff's strengths and weaknesses. These discussions stretched over several weeks and resulted in a thoughtful working draft on the subject. Another senior member of the staff whose intelligence experience was quite different also prepared a draft. These two drafts provided the basis for a rough "strawman" audit. This was circulated to all heads of components with instructions to focus on the ideas raised in the paper rather than the precision of the language. After giving them a week to consider the subject, I convened a meeting of the office heads and their deputies to discuss the Staff's performance, particularly its strengths and weaknesses. This was the most useful part of the process, although it required the preliminary work embodied in the "strawman."

The discussion of Staff performance centered on three areas: (1) limits posed by external factors; (2) limits posed by internal factors; and (3) how well the staff has dealt with "permanent" management problems.

#### External Factors

The resource management authorities granted the DCI in Executive Orders are sweeping in theory. In practice they are more limited: Program managers have avenues of appeal past the DCI to the NSC and the President and to the Congress. If they wished, they could impede the flow of information on their programs to the DCI. Although some conflict between RMS and the programs is inevitable because of the essential character of any budget process, the need to work as much as possible by persuasion and consensus-building has a strong impact on RMS.

The DCI's more limited authority over reprogramming has complicated attempts to adapt the NFIP to rapidly changing circumstances. A number of times in the past, the staff has had to put together reprogramming packages that, because of their complexity, appeared quite ragged.

#### Internal Factors

As defined, internal factors referred to "within organizations reporting directly to the DCI."

Relations with NFAC and CTS are crucial. NFAC can provide evaluation of program value from the perspective of intelligence producers. CTS is a source of expertise on the capabilities and performance of collection systems. It is important for RMS analysis to draw on both of them. The relation between RMS and CTS has always been intimate; in the last year or two the relation with NFAC has become much more useful.

Since the Staff's role is to support DCI decisions, the accessibility of the DCI is very important to the RMS mission. For the past four years, the DCI has been interested in the resource management role and willing to devote adequate time to it. His willingness to deal directly with analysts and office directors has been particularly helpful.

#### Management Problems

There is a set of problems that require continuous attention and management. Chief among these is staff composition. Between 1978 and 1980 the professional staff changed from one which was composed principally of detailees to one composed principally of permanent cadre. The detailees bring recent experience from their parent unit; however, it can be difficult to use them in roles where they affect the interests of that unit; further, it has sometimes been very difficult to persuade Community elements to nominate first-class people for detail. Permanent cadre provide continuity and pose fewer potential conflict of interest problems; problems may arise, however, if there is too high a proportion of staff without extensive prior Community experience. Since the Staff is small, cadre may have limited opportunities for professional growth. It was agreed that the detail/cadre ratio requires constant attention. There was also consensus that the proportion of cadre should not be allowed to go higher than it currently is.

Other continuing problems were discussed, including management of contract research, staff development, retaining the separation of the Staff's critical and advocacy roles, and dealing with OMB.

### Other Conclusions

The functions that RMS performs have been developed in sequence. In taking over RMS I had to decide on the priority to give to each. I decided that the first thing we needed was to develop a process for supporting decisions on the National Foreign Intelligence Program and budget. The objective was to develop a process that was effective and practical, that imposed as little burden as possible on the program managers, and that reflected their sense of priorities as well as the DCI's guidance with regard to national priorities. The consensus was that the staff has done a creditable job in developing such a process. To improve this process we are now focusing on producing better program guidance, on improving our data bases related to programs and budgets, and on reducing the amount of data required from program managers.

The second priority was to build a capability to analyze the resource implications of certain critical program decisions. We have done this quite well with regard to a limited number of highly important technical collection and processing programs. Clearly more needs to be done along these lines, particularly with regard to the less technical and more varied areas of the NFIP. For example, it is generally agreed that more needs to be done on the Third World. We have proposed increases in the resources devoted to this topic, but we have not attempted to evaluate in depth the substantive quality of the products of the various elements working on these areas. Evaluation of the quality of finished intelligence on this topic as on others is the function of NFAC rather than RMS under the current division of responsibilities.

The third priority was to re-direct the planning effort underway in 1977-78 and build a useful process. That activity is begun, but is still not beyond a formative stage.

Another important goal of RMS that underlies the three priorities outlined above is to ensure that related activities housed in different programs of the NFIP are coordinated. Processing systems, for example, must be funded along with the collection systems that they support. Similar activities undertaken by different programs must also be coordinated. The Staff believes we have done this successfully. In addition, the office in RMS that plans for and monitors ADP and telecommunications activities was instrumental in seeing that the SAFE programs for both the CIA and DIA were developed and funded in a complementary way in accordance with the DCI's guidance.

There was some discussion of the issue raised in the HPSC(I) request concerning the need for tradeoffs among various collection programs. From the resource point of view, the process for preparing the NFIP and budget, through its ranking of decision units, has the inherent feature of forcing tradeoffs not only among certain collection systems, but among all intelligence activities within the NFIP. In some rare cases explicit analysis of such tradeoffs can perhaps be done. We have not been successful and doubt that a direct approach to the issue would bear fruit.

*But we will and  
can do more!*

Finally, any evaluation of performance should be with respect to appropriate criteria. In the case of RMS, which is a staff to the DCI on NFIP resources, the most applicable criteria are whether RMS provides the DCI with the information and analyses he needs to make wise decisions on the allocation of Community resources and whether these data and analyses are presented clearly and succinctly enough to support his subsequent decisions in discussions with OMB, the President, and Congress. On a number of occasions the DCI has said that RMS served him well in this respect. Nevertheless, I believe that there still is room for further improvement in the performance of some of RMS functions like long-range planning and guidance and the development of programs to improve the quality of intelligence. [REDACTED] STAT

We found this process useful. It rounded out the annual self-examinations that the Staff has participated in for the past two years. In February 1979, and again in January 1980, senior members of RMS spent two days discussing how we do business and how coordination among ourselves and throughout the Community could be improved. We addressed such varied subjects as the construction of alternatives for issue papers, transfers into and out of the NFIP, the improvement of hiring practices, increased involvement of the DCI in the budget preparation process and evaluations of staff members' strengths and weaknesses and offices' performance. On several occasions, the DCI met with RMS' senior staff to provide guidance on those of our activities that he found helpful and those that could be improved. We also used the study you commissioned by A. D. Little as an opportunity to examine our performance. I consider staff internal review to be a continuing process. Some of the things we learned from this most recent self-examination will certainly be useful in conducting our business in the future.

If you have any questions, please let me know and I will arrange to discuss them with you.

Respectfully,

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